

**OBRA 1990 RETIREMENT SYSTEM OF THE
COUNTY OF MILWAUKEE**

**ACTUARIAL VALUATION
JANUARY 1, 2006**

July 14, 2006

The Retirement Board
Employees' Retirement System of the
County of Milwaukee
901 N. 9th St.
Milwaukee, WI 53233

Ladies and Gentlemen:

This report presents the results of the annual actuarial valuation of the OBRA 1990 Retirement System of the County of Milwaukee as of January 1, 2006. The valuation takes into account all of the promised benefits to which members are entitled as of January 1, 2006; and as required by the Retirement Code is the basis for the Budget Contribution for fiscal year 2007.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8% per annum compounded annually.

Assets and Membership Data

The Retirement System reported the individual data for members of the System as of the valuation date to the actuary. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the Retirement System.

Funding Adequacy

The 2005 valuation performed last year resulted in an Actual Funding Contribution of \$386,222, against which \$365,000 was actually contributed. The shortfall of \$21,222 is amortized over five years.

The Actual Funding Contribution for 2006, based on the results of this valuation, is \$480,896. It is expected that \$462,000 will be contributed during 2007 on behalf of the 2006 plan year. The shortfall of \$18,896 will be amortized over five years.

The Retirement Board
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Budget Contribution

The 2007 Budget Contribution, expected to be contributed in 2008, is \$529,000.

Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report. The actuary prepared supporting schedules and required supplementary information included in the County of Milwaukee Annual Report of the Pension Board.

Qualified actuaries completed the valuation in accordance with accepted actuarial procedures as prescribed by the Actuarial Standards Board. The qualified actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice.

Respectfully submitted,

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Principal, Consulting Actuary

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KMN/MAS:pl

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

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Executive Summary

This report presents the actuarial valuation as of January 1, 2006 for the OBRA 1990 Retirement System of the County of Milwaukee. The principal valuation results include:

- The Actual Funding Contribution for fiscal year 2006, which is \$480,896.
- The Annual Required Contribution for fiscal year 2006 in accordance with GASB requirements, which is \$499,137.
- The Budget Contribution for fiscal year 2007, which is \$529,000.
- The total funded ratio of the plan determined as of January 1, 2006, which is 30.9% based on the accrued liability and the actuarial value of assets.
- The determination of the actuarial gain or loss as of January 1, 2006, which is a gain of \$16,036.
- Annual disclosure as of January 1, 2006 as required by Statement No. 25 of the Governmental Accounting Standards Board.

The valuation was based on membership and financial data submitted by the Retirement System.

Changes Since Last Year

Legislative and Administrative Changes

There were no legislative or administrative changes since the prior valuation.

The benefit provisions and contribution provisions are summarized in Table 15.

Actuarial Assumptions and Methods

For 2006, the assumed rate of investment return changed from 8½% to 8%. For purposes of determining the 2007 Budget Contribution, the Pension Board adopted an assumption change to lower the payroll growth assumption from 5% to 3%.

The actuarial assumptions and methods are outlined in Table 14.

Contribution Amounts

The results of the valuation as of January 1, 2006 determine the Actual Funding Contribution and Annual Required Contribution for fiscal year 2006 and the Budget Contribution for fiscal year 2007. The Actual Funding Contribution based on 5% payroll growth for fiscal year 2006 is \$480,896. The Annual Required Contribution for GASB 25 disclosure based on 3% payroll growth is \$499,137. The Budget Contribution for fiscal year 2007 is \$529,000. For determining the 2006 Budget Contribution, the investment return assumption was lowered to 8%. The actual 2006 contributions and budgeted 2007 contribution were based on this changed assumption and participant data as of January 1, 2006.

Reasons for Change in Budget Contribution Calculated by the Actuary

The Budget Contribution calculated by the actuary increased from \$462,000 for fiscal year 2006 to \$529,000 for fiscal year 2007. A reconciliation of the increase of \$67,000 is shown in the following table:

Item	Amount
1. 2006 Budget Contribution	\$ 462,000
2. Increase / (Decrease) during 2005 due to	
a. Unanticipated liability loss (gain)	\$ 6,000
b. Asset experience other than expected	-
c. 2005 reimbursable expenses other than assumed	11,000
d. 2005 contribution variance other than assumed	-
e. Full recognition of bases other than assumed	-
f. Other, including change in actuary and programming	2,000
g. Total	19,000
3. 2006 Actual Contribution: (1 + 2)	\$ 481,000
4. Expected Increase / (Decrease) during 2006 due to	
a. Normal cost and existing amortization schedule	\$ 17,000
b. Phase-in of deferred asset (gains) losses	-
c. Amortization of 2006 reimbursable expenses	45,000
d. Expected contribution variance for 2006	5,000
e. Full recognition of certain amortization bases	(38,000)
f. Increase due to assumption change	19,000
g. Total	48,000
5. 2007 Budget Contribution: (3 + 4)	\$ 529,000

Summary of Principal Results

Summarized below are the principal financial results for the OBRA 1990 Retirement System of the County of Milwaukee based upon the actuarial valuation as of January 1, 2006. Comparable results from the January 1, 2005 valuation (as calculated by Mercer Human Resource Consulting) are also shown.

Item	January 1, 2006	January 1, 2005
Demographics		
<u>Active Members</u>		
• Number	1,409	1,459
• Average Annual Pay	\$ 5,928	\$ 5,695
<u>Inactive Members</u>		
• Members Receiving Benefits		
• Number	1	1
• Average Annual Benefit Payment	\$ 1,371	\$ 1,371
• Members With Deferred Benefits		
• Number	8,052	7,631
• Average Annual Benefit Payment	\$ 204	\$ 187
Actual Funding Contribution	(Fiscal Year 2006)	(Fiscal Year 2005)
• Normal Cost with Interest	\$ 169,071	\$ 133,906
• Net Amortization Payments	<u>311,825</u>	<u>252,316</u>
• Total Contribution	\$ 480,896	\$ 386,222
Actuarial Funded Status		
• Accrued Liability	\$ 3,530,352	\$ 2,871,834
• Actuarial Value of Assets	<u>1,090,405</u>	<u>943,973</u>
• Unfunded Accrued Liability	\$ 2,439,947	\$ 1,927,861
• Funded Ratio	30.9 %	32.9 %

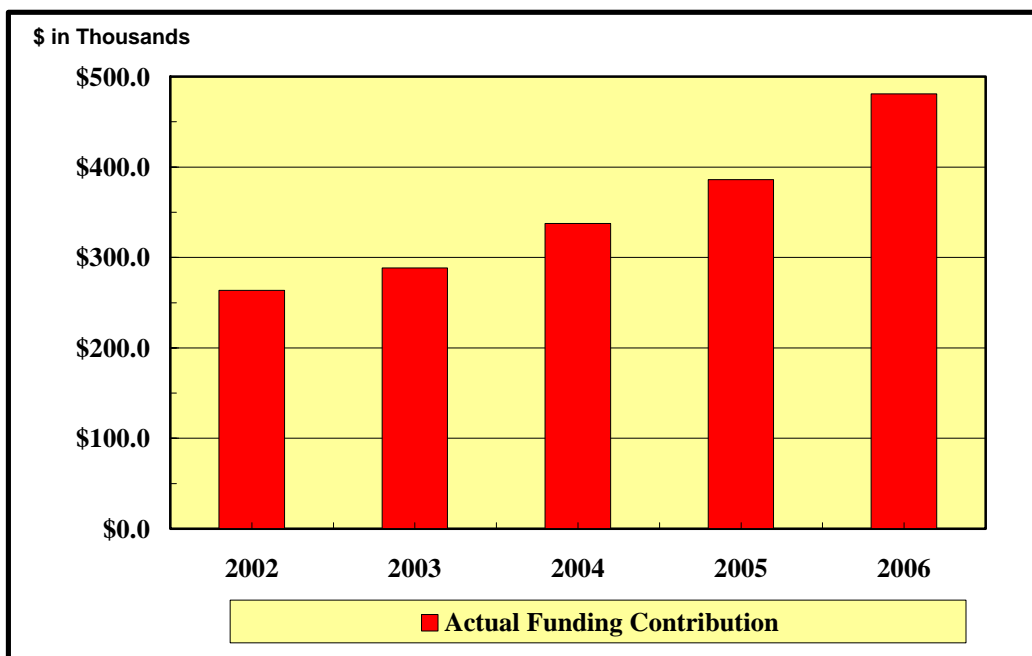
Five-Year History of Principal Financial Results

Five-Year History of Contribution Amounts

Valuation as of January 1	Actual Funding Contributions		
	Normal Cost with Interest	Net Amortization Payments	Total
2006	\$ 169,071	\$ 311,825	\$ 480,896
2005	133,906	252,316	386,222
2004	123,879	213,790	337,669
2003	105,715	182,772	288,487
2002	102,531	161,160	263,691

The following chart shows a five-year history of employer contribution amounts:

Five-Year History of Actual Funding Contributions



Funded Ratio

The financing objective of the System is to:

- Fully fund all current costs based on the normal contribution rate determined under the funding method; and
- Liquidate the unfunded accrued liability based on the amortization schedules as required by the retirement code, i.e., a schedule of 5, 10, or 30 years for each change in the unfunded accrued liability according to Section 3.1.

The total Actual Funding Contribution of \$480,896, when taken together with any contributions payable by members and asset returns, is the amount sufficient to achieve the financing objective for 2006.

The System's total funded ratio on the funding basis is measured by comparing the actuarial value of assets (same as market value) with the accrued liability. The accrued liability for pensions is the present value of benefits accumulated to date under the System's funding method.

On this basis, the System's funded ratio is 30.9% as of January 1, 2006. This funded ratio is based on an actuarial value of assets of \$1,090,405 and an accrued liability of \$3,530,352.

Reasons for Change in the Total Funded Ratio

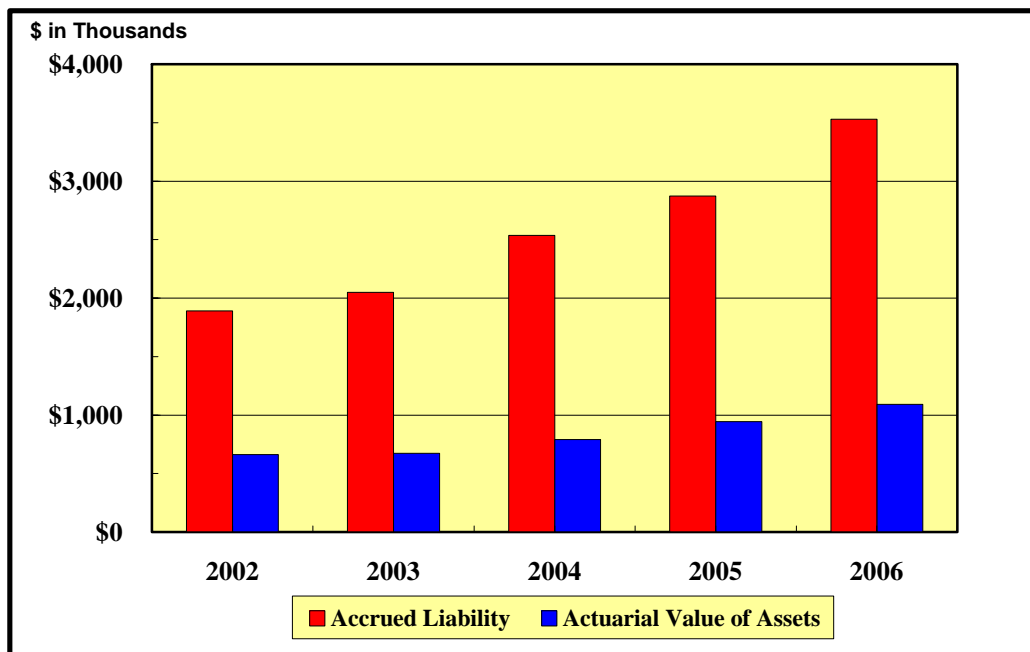
The total funded ratio decreased from 32.9% as of January 1, 2005 to 30.9% as of January 1, 2006. The decrease is due to the net effect of investment return, assumption changes and experience gains and losses.

Five-Year History of Total Funded Ratio

Valuation as of January 1	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio
2006	\$ 3,530,352	\$ 1,090,405	\$ 2,439,947	30.9%
2005	2,871,834	943,973	1,927,861	32.9
2004	2,535,291	789,690	1,745,601	31.1
2003	2,049,981	674,132	1,375,849	32.9
2002	1,890,289	662,409	1,227,880	35.0

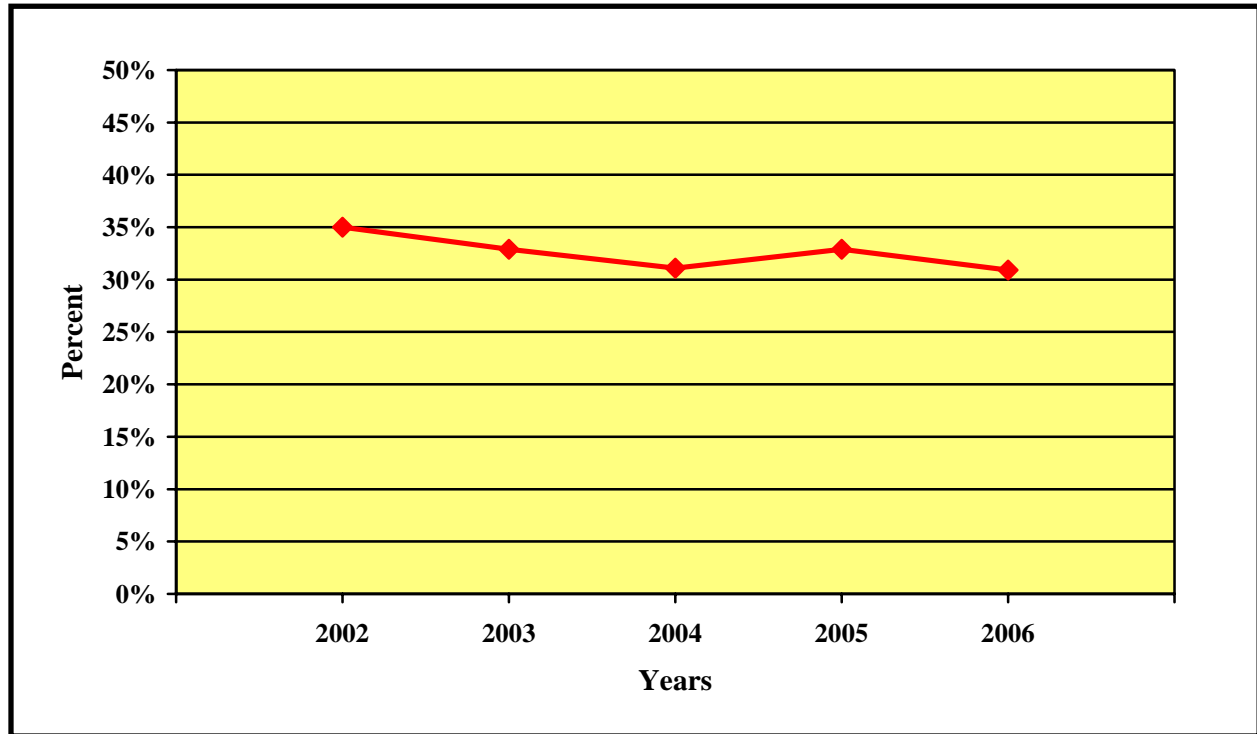
The following chart shows a five-year history of the accrued liability and the actuarial value of assets:

Five-Year History of Accrued Liability and Actuarial Value of Assets



The following chart shows an five-year history of the total funded ratio:

**Five-Year History of Total Funded Ratio
(2002 - 2006)**



GASB No. 25 Disclosure

Statement No. 25 of the Governmental Accounting Standards Board established reporting standards for the annual financial reports of defined benefit pension plans. The System complied with Statement No. 25 beginning with the January 1, 1997 valuation. The statement requires disclosure of the “schedule of funding progress” and the “schedule of employer contributions” in the System’s financial statements.

The “schedule of funding progress” shows historical trend information about the System’s actuarial value of assets, the actuarial accrued liability and the unfunded actuarial accrued liability. The actuarial funded ratio is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System’s funding method and reflects future pay increases for active employees. On this basis, the System’s funded ratio is 30.9% as of January 1, 2006. This funded ratio is based on an actuarial value of assets of \$1,090,405 and an accrued liability of \$3,530,352.

The “schedule of employer contributions” shows historical trend information about the annual required contribution (ARC) of the employer and the percentage of the ARC contributed to the System. The ARC is equal to the normal cost plus amortization of the unfunded actuarial accrued liability. The maximum period of amortizing the unfunded actuarial accrued liability permitted by GASB No. 25 is 40 years. The maximum amortization period decreases to 30 years in 2007. The employer contributions to the System are equal to the normal cost plus a payment towards each change in the unfunded accrued liability, which are amortized over 5, 10 or 30-year periods. The ARC and the actual employer percentage contributed for the five fiscal years ending December 31, 2006 are shown in Table 13.

Rate of Return

The estimated investment return of the fund (i.e. total return including both realized and unrealized gains and losses) for fiscal years 2002 through 2005 is shown in the table below. The return based on the actuarial value of assets used for determining annual contribution rates is also shown.

The rate of return on market value reflects the investment earnings on the market value of assets from the beginning of the fiscal year to the end of the fiscal year. The actuarial assets are the assets recognized for valuation purposes. Actuarial assets are the same as market value for purposes of this valuation.

Five Year History of Assets and Returns

As of 12/31	Asset Values		Rates of Return		
	Market	Actuarial	Market	Actuarial	Assumed
2005	\$ 1,090,405	\$ 1,090,405	11.8%	11.8%	8.5%
2004	943,973	943,973	11.4%	11.4%	8.5%
2003	789,690	789,690	22.6%	22.6%	9.0%
2002	674,132	674,132	(6.9%)	(6.9%)	9.0%
2001	662,409	662,409			8.5%

Compound Rate of Return (four years): 9.2% 9.2%

TABLE 1
SUMMARY OF RESULTS OF ACTUARIAL VALUATION
AS OF JANUARY 1, 2006

Item	Amount
Participant Data	
1. Number of Participants	
a) Active Participants	1,409
b) Participants with Deferred Benefits	8,052
c) Participants Receiving Benefits	1
d) Total	<u>9,462</u>
2. Total Compensation	\$ 8,352,834
3. Annual Annuities	\$ 1,371
Valuation Results	
4. Actuarial Accrued Liability	
a) Active Participants	\$ 1,155,480
b) Participants with Deferred Benefits	2,364,409
c) Participants Receiving Benefits	10,463
d) Total	<u>\$ 3,530,352</u>
5. Actuarial Value of Assets	\$ 1,090,405
6. Funded Status: (5 / 4)	30.9 %
7. Unfunded Actuarial Accrued Liability: (4 - 5)	\$ 2,439,947
8. Normal Cost for the Plan Year	\$ 156,547
Employer Actual Funding Contribution for Fiscal 2006 (based on 5% payroll growth)	
9. Actual Funding Contribution Calculated by Actuary	
a) Normal Cost with Interest	\$ 311,825
b) Net Annual Amortization Payments	169,071
c) Total Contribution: ((a + b), not less than zero)	<u>\$ 480,896</u>
Annual Required Contribution for Fiscal 2006 (based on 3% payroll growth)	
10. Annual Required Contribution Calculated by Actuary	
a) Normal Cost with Interest	\$ 169,071
b) Net Annual Amortization Payments	330,066
c) Total Contribution: ((a + b), not less than zero)	<u>\$ 499,137</u>

TABLE 2
SECURITY OF PROMISED BENEFITS
UNFUNDED ACTUARIAL ACCRUED LIABILITY
FUNDED STATUS

Item	January 1, 2006	January 1, 2005*
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	\$ 1,005,518	\$ 827,472
Withdrawal Benefits	149,962	107,207
Total Active	1,155,480	934,679
b. Participants with Deferred Benefits	2,364,409	1,926,673
c. Participants Receiving Benefits	10,463	10,482
d. Total All Participants	\$ 3,530,352	\$ 2,871,834
2. Actuarial Value of Assets	1,090,405	943,973
3. Unfunded Actuarial Accrued Liability (1d - 2)	\$ 2,439,947	\$ 1,927,861
4. Funded Status: (2 / 1d)	30.9%	32.9%

Both valuations were based on the same methods and plan provisions.

The interest rates used as of January 1, 2006 and January 1, 2005 were 8.00% and 8.50%, respectively.

* January 1, 2005 results, on this page and throughout this report, were prepared by Mercer Human Resource Consulting.

TABLE 3
ACTUARIAL GAIN/(LOSS) FOR PLAN YEAR ENDING
DECEMBER 31, 2005

Item	Amount
1. Actuarial Accrued Liability at January 1, 2005	\$ 2,871,834
2. Increases/(Decreases) During the Year	
a. Normal Cost for 2005	123,416
b. Member Contributions	-
c. Benefit Payments and Refunds	(50,465)
d. Assumed Interest to End of Year*	252,495
e. Plan and Assumption Changes**	318,945
f. Total: (a + b + c + d + e)	<u>644,391</u>
3. Expected Liability at January 1, 2006: (1 + 2)	3,516,225
4. Actuarial Accrued Liability at January 1, 2006	3,530,352
5. Liability Gain/(Loss): (3 - 4)	\$ (14,127)
6. Actuarial Value of Assets at January 1, 2005	\$ 943,973
7. Increases/(Decreases) During the Year	
a. County Contributions	365,000
b. Member Contributions	-
c. Benefit Payments and Refunds	(50,465)
d. Administrative Expenses payable to the County	(276,403)
e. Assumed Interest to End of Year*	78,137
f. Total: (a + b + c + d + e)	<u>116,269</u>
8. Expected Actuarial Assets at January 1, 2006 (6 + 7)	1,060,242
9. Actuarial Value of Assets at January 1, 2006	1,090,405
10. Actuarial Asset Gain/(Loss): (9 - 8)	\$ 30,163
11. Total Gain/(Loss): (5 + 10)	\$ 16,036

* 8.50% per annum interest rate assumed for 2005 plan year

** The interest rate assumption was lowered from 8.50% to 8.00%.

TABLE 4

**AMORTIZATION SCHEDULE FOR ACTUAL FUNDING CONTRIBUTION
FOR 2006 PLAN YEAR**

Type of Payment	Amortization Period				Balances		Payment
	Date Created	Initial Years	Remaining Years	Last Payment	Initial	Outstanding	
1. Charges							
1993-1996							
Expense	01/01/1997	10	1	2006	243,729	34,376	37,126
Expense	01/01/1998	10	2	2007	96,137	26,054	14,610
Expense	01/01/1999	10	3	2008	81,673	31,912	12,383
Expense	01/01/2000	10	4	2009	85,685	42,934	12,963
Expense	01/01/2001	10	5	2010	100,656	60,668	15,195
Variance	01/01/2002	5	1	2006	1,612	379	409
Expense	01/01/2002	10	6	2011	109,857	76,505	16,549
Expense	01/01/2003	10	7	2012	141,818	110,821	21,286
Variance	01/01/2004	5	3	2008	8,760	5,678	2,203
Expense	01/01/2004	10	8	2013	178,462	153,380	26,690
Reestablished unfunded	01/01/2004	30	28	2033	1,009,474	1,067,892	58,718
Expense	01/01/2005	10	9	2014	238,648	222,562	35,628
Loss	01/01/2005	30	29	2034	19,357	19,920	1,071
Expense	01/01/2006	10	10	2015	276,403	276,403	41,192
Variance	01/01/2006	5	5	2010	21,222	21,222	5,315
Assumption Change	01/01/2006	30	30	2035	318,945	318,945	16,772
Total Charges						\$ 2,469,651	\$ 318,110
2. Credits							
Variance	01/01/2003	5	2	2007	\$ 11,281	\$ 5,081	\$ 2,849
Variance	01/01/2005	5	4	2009	10,331	8,587	2,593
Gain	01/01/2006	30	30	2035	16,036	16,036	843
Total						\$ 29,704	\$ 6,285
3. Net Amount (1 - 2)						\$ 2,439,947	\$ 311,825

Annual amortization payments of the reestablished unfunded actuarial accrued liability (UAAL), and changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 5.5% per year over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years.

TABLE 5

**STATEMENT OF NORMAL COST
FOR CURRENT AND PRIOR PLAN YEAR ACTUAL FUNDING CALCULATIONS**

Item	January 1, 2006	January 1, 2005
1. Unit Credit Normal Cost		
a. Active Participants		
Retirement Benefits	\$ 115,542	\$ 91,931
Withdrawal Benefits	41,005	31,485
Total	<u>156,547</u>	<u>123,416</u>
2. Interest to the End of the Plan Year	12,524	10,490
3. Normal Cost for the Plan Year: (1 + 2)	169,071	133,906

TABLE 6

**CONTRIBUTION REQUIREMENTS – END-OF-YEAR BASIS
ACTUAL AND BUDGET AMOUNTS FOR CURRENT PLAN YEAR
BUDGET AMOUNT FOR NEXT PLAN YEAR**

Item	2007 Budget	2006	
		Actual	Budget
1. Normal Cost with Interest	\$ 183,000	\$ 169,071	\$ 161,000
2. Net Annual Amortizations	<u>346,000</u>	<u>311,825</u>	<u>301,000</u>
3. Total Contribution ((1 + 2), not less than zero)	\$ 529,000	\$ 480,896	\$ 462,000

The Budget Contributions shown above for the 2007 and 2006 plan years were estimated based on participant data as of January 1, 2006, and January 1, 2005, respectively.

The Actual Funding Contribution for the 2006 plan year was determined based on participant data as of January 1, 2006.

Changes in assumptions, methodology, and plan provisions since the prior valuation:

The actual and budgeted contributions for the 2005 plan year were based on the same assumptions, methods, and plan provisions as the 2004 plan year Actual Funding Contribution, including an investment return assumption of 8.5%.

For 2006 budget purposes, the investment return assumption was lowered to 8.0%. The actual 2006 contribution and the budgeted 2007 contribution were also based on these changed assumptions.

For 2007 budget purposes, the payroll growth assumption was lowered from 5% to 3%.

TABLE 7

**SUMMARY STATEMENT OF MARKET VALUE OF PLAN ASSETS
AS OF DECEMBER 31, 2005**

Asset Category	Market Value as of December 31, 2005
1. Cash and Cash Equivalents	\$ 406
2. Investments at Fair Value	724,999
3. Contributions Receivable	<u>365,000</u>
4. Net Assets Available for Benefits (1 + 2 + 3)	\$ 1,090,405

TABLE 8

**SUMMARY RECONCILIATION OF MARKET VALUE OF PLAN ASSETS
AS OF DECEMBER 31, 2005**

Item	Amount
1. Market Value of Assets as of December 31, 2004	\$ 943,973
2. Contributions for Plan Year	
a. County	\$ 365,000
b. Member	-
c. Total	365,000
3. Disbursements for Plan Year	
a. Benefit payments	\$ 50,465
b. Investment and Administrative Expenses	276,403
c. Total	326,868
4. Market Value of Assets as of December 31, 2005	1,090,405
5. Net Investment Income* (4 - 1 - 2c + 3c)	108,300
6. Expected Net Investment Income (8.50% per annum)	78,137
7. Gain (Loss) on Market Value of Assets (5 - 6)	30,163
8. Estimated Rate of Return	11.8%

* Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 9

**ACTUARIAL VALUE OF PLAN ASSETS
AS OF DECEMBER 31, 2005**

Item	January 1, 2006	January 1, 2005
1. Actuarial Value of Assets	\$ 1,090,405	\$ 943,973

TABLE 10

**EMPLOYER CONTRIBUTIONS FOR 2005 PLAN YEAR
AND VARIANCE FROM THE FUNDING CALCULATION CONTRIBUTION**

Item				Amount
1. Actual Funding Contribution End-of-Year Basis, for 2005 Plan Year (from January 1, 2005 actuarial valuation report)				\$ 386,222
2. Total Employer Contributions Made, End-of-Year Basis				
Contribution Made	Fraction of a Year Invested	Contribution Amount	Interest to Year End*	End of Year Amount
Bi-weekly	50.0%	\$ -	\$ -	\$ -
03/31/2006	0.0%	<u>365,000</u>	<u>-</u>	<u>365,000</u>
Total		\$ 365,000	\$ -	\$ 365,000
3. Variance from Actual Funding Contribution Amount** (2 - 1)				\$ (21,222)

* Interest to 12/31/2005 at 8.50% per annum.

** Variance will be amortized on a level dollar basis over five years.

TABLE 11

**GASB NOS. 25 AND 27 DISCLOSURE INFORMATION
FOR CURRENT AND PRIOR PLAN YEAR**

Equivalent Single Amortization Period

Item	January 1, 2006	January 1, 2005
1. Covered Payroll	\$ 8,352,834	\$ 8,405,836
2. Unfunded Amount	2,439,947	1,927,861
3. Amortization Payment	330,066	252,316
4. Payment as a Level Percentage of Payroll (3 / 1)	3.95%	3.00%
5. Weighted Average Amortization Period (2 / 3)	7.39	7.64
6. Equivalent Single Amortization Period (Nearest Whole Year)	10	9

Net Pension Obligation

Item	January 1, 2006	January 1, 2005
1. Annual Required Contribution (ARC)	\$ 499,137	\$ 386,222
2. Interest on Net Pension Obligation	1,011	(878)
3. Adjustment to ARC	<u>(3,165)</u>	<u>2,622</u>
4. Annual Pension Cost (APC)	496,983	387,966
5. Contributions made*	<u>(462,000)</u>	<u>(365,000)</u>
6. Increase (Decrease) in Net Pension Obligation	34,983	22,966
7. Net Pension Obligation at Beginning of Year	<u>12,635</u>	<u>(10,331)</u>
8. Net Pension Obligation at End of Year**	47,618	12,635
9. Percent of APC Contributed	92.96%	94.08%

* Contributions for 2006 are estimated based on the County budget.

** NPO at December 31, 2006 is estimated based on expected contributions to be made for the year.

TABLE 12

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
(\$ Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Funded Ratio (a / b)	(Overfunded) Unfunded Actuarial Accrued Liability (b - a)	Covered Payroll (c)	(Overfunded) Unfunded as a Percentage of Covered Payroll [(b - a) / c]
01/01/2006	\$ 1,090	\$ 3,530	30.9%	\$ 2,440	\$ 8,353	29.2%
01/01/2005	944	2,872	32.9%	1,928	8,406	22.9%
01/01/2004	790	2,535	31.1%	1,746	8,398	20.8%
01/01/2003	674	2,050	32.9%	1,376	8,596	16.0%
01/01/2002	662	1,890	35.0%	1,228	8,713	14.1%

TABLE 13

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB STATEMENT NO. 25 DISCLOSURE**

Fiscal Year Ended December 31	Annual Required Contribution	Percentage Contributed
2006	\$ 499,137	92.6% *
2005	386,222	94.5%
2004	337,669	103.1%
2003	288,487	97.0%
2002	263,691	104.3%

* Contributions for 2006 are estimated based on the County budget.

The information presented above was determined as part of the actuarial valuation as of the dates indicated.

Additional information as of the latest actuarial valuation follows:

Valuation Date:	January 1, 2006
Actuarial Cost Method:	Unit Credit
Amortization Method:	Level percent of payroll, closed
Remaining Amortization Period:	5-30 Years
Asset Valuation Method:	Market

Actuarial Assumptions:	
- Investment Rate of Return	8.00%
- Payroll Growth	3.00%

TABLE 14**DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS****ASSUMPTIONS**

Interest Rate: 8.0% per annum, compounded annually. The components are 3.0% for inflation and 5.0% for the real rate of return.

Salary Increase: 5% per annum, compounded annually.

Payroll Growth: For Actual Funding Calculation purposes – 5% per annum. For Budget Contribution and GASB purposes – 3% per annum.

Separation From Service: Retirement age is assumed to be age 65. Illustrative rates of assumed separation from service (mortality and turnover) are shown in the following tables.

Annual Rates per 100 Participants

Attained Age	Mortality	
	Males	Females
20	0.03	0.02
25	0.04	0.02
30	0.04	0.03
35	0.08	0.05
40	0.11	0.07
45	0.15	0.11
50	0.21	0.17
55	0.36	0.27
60	0.67	0.51
65	1.27	0.97

* Active and pensioners: The sex-distinct RP2000 Combined Mortality Table.

TABLE 14

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Withdrawal						
Attained Age	Select Rates by Year of Employment + Ultimate					
	0	1	2	3	4	Ult.
20	33.75	31.50	28.50	24.00	19.05	15.00
25	31.35	29.46	26.88	22.86	18.54	14.25
30	27.30	25.47	22.92	18.99	15.36	12.00
35	22.35	20.64	18.03	14.01	10.17	6.00
40	17.85	16.26	13.80	10.26	7.23	3.90
45	17.25	14.85	11.94	8.43	5.37	2.52
50	16.50	13.38	10.98	7.89	4.47	1.07
55	14.85	12.45	9.78	6.93	3.63	0.23

TABLE 14**DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS**

(Continued)

METHODS

Calculations: The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system, and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Actuarial Cost Method: Liabilities and contributions shown in this report are computed using the Unit Credit Cost Method. The outstanding balance of the unfunded actuarial accrued liability (UAAL) as of January 1, 2004 and any changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years.

Asset Valuation Method: The actuarial asset value is the market value of assets plus any receivable contributions.

DATA

Census and Assets: The valuation was based on members of the System as of January 1, 2006 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. Asset data was supplied by the System.

TABLE 15**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS****MEMBERSHIP**

Any person employed by the County for whom the County is not obligated to collect and withhold FICA taxes. However, such persons shall not include: 1) an employee hired to relieve him from unemployment; 2) an employee of a hospital, home, or institution where he is an inmate; 3) an employees who is a temporary employee to handle fire, storm, snow, earthquake or similar emergencies; 4) an employee paid on a fee basis as self-employed; or 5) an employee who is a member of a collective bargaining unit covered by an agreement which does not provide for his inclusion.

VESTING SERVICE

One year of service is credited on and after January 1, 1992 for each plan year during which the employee is employed at any time. However, the employee shall not receive credit for any plan year in which the County is obligated to collect and withhold FICA taxes. If, during such plan year, FICA taxes are withheld for only a portion of the year, the employee shall receive a pro rata credit for the portion of the year worked when no FICA taxes were withheld.

BENEFIT SERVICE

Same as vesting service.

EARNINGS

Earnable compensation shall include the compensation earned during the period for which no FICA tax was withheld, exclusive of any amounts reimbursed for moving expenses. However, such compensation shall be limited to the Social Security taxable wage base for the plan year.

Average compensation is the average of the total earnings accumulated during the plan years of employment with the County, with the exception of years prior to January 1, 1992.

TABLE 15**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS**
(Continued)**BENEFITS****Normal Retirement**

Eligibility	Age 65.
Amount	2% of the member's average compensation multiplied by years of service (not in excess of 30).

Deferred Vested Benefit

Upon termination of employment, a member is eligible for a deferred vested pension commencing at age 65. Such benefit shall be calculated the same as for normal retirement, considering average compensation and service at termination.

TABLE 16
SUMMARY OF MEMBERSHIP DATA
AS OF JANUARY 1, 2006

Active Participants

Item	Total
Number of Participants	1,409
Average Annual Salaries *	\$ 5,928
Average Age	26.8
Average Service	3.5

* The salaries shown in the table above represent total annual pay increased by the salary assumption.

Inactive Participants

Item	Number	Annual Annuities	Average Annuities
Participants with Deferred Benefits	8,052	\$ 1,645,379	\$ 204
Participants receiving the benefits	<u>1</u>	<u>1,371</u>	<u>1,371</u>
Total	8,053	\$ 1,646,750	\$ 204

EXHIBIT I**ACTIVE MEMBERSHIP DATA****NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2006**

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	836 \$3,856	175 \$8,168								1,011 \$4,602
25-29	59 \$9,750	48 \$10,621	17 -							124 \$10,089
30-34	25 \$7,579	5 -	7 -							37 \$9,642
35-39	17 -	7 -	4 -							28 \$9,476
40-44	17 -	8 -	6 -							31 \$10,809
45-49	16 -	8 -	7 -							31 \$7,717
50-54	13 -	9 -	5 -							27 \$9,270
55-59	29 \$9,838	6 -	12 -							47 \$9,831
60-64	19 -	5 -	5 -							29 \$8,337
Over 64	9 -	15 -	20 \$ 8,632							44 \$ 6,780
Total	1,040 \$4,772	286 \$8,801	83 \$10,519							1,409 \$5,928

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT II**4-YEAR HISTORY OF MEMBERSHIP DATA****Active Participants**

Valuation as of January 1	Number of Active Participants	Percentage Change in Membership	Total Annual Payroll	Percentage Change in Payroll
2006	1,409	(3.43%)	\$ 8,352,835	(0.63%)
2005	1,459	(8.01%)	8,405,836	0.09%
2004	1,586	(3.29%)	8,397,870	(2.30%)
2003	1,640	(9.99%)	8,595,969	(1.34%)

Retired Participants

Valuation as of January 1	Number on roll	Additions	Deletions	Percentage Change in Membership	Annual Annuities	Percentage Change in Annuities
2006	1	-	-	0.00%	\$ 1,371	0.00%
2005	1	-	-	0.00%	1,371	0.00%
2004	1	-	-	0.00%	1,371	0.00%
2003	1	-	-		1,371	

EXHIBIT III

DETAILED TABULATIONS OF THE DATA

TABLE III-A

**THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF JANUARY 1, 2006**

Age	Men		Women	
	Number	Compensation	Number	Compensation
16	36	\$ 78,758	37	\$ 53,925
17	59	133,404	51	111,199
18	79	227,688	74	172,418
19	97	467,820	83	295,978
20	68	393,740	79	364,324
21	76	405,482	66	363,635
22	57	417,843	33	236,587
23	46	273,405	27	214,203
24	20	244,541	23	198,100
25	13	132,956	18	212,861
26	21	162,660	11	107,838
27	19	223,584	7	35,982
28	11	120,817	11	133,970
29	8	88,238	5	32,080
30	10	54,828	4	66,621
31	6	78,207	2	25,374
32	5	43,498	3	36,735
33	1	2,732	1	22,394
34	2	19,966	3	6,405
35	3	14,948	3	53,965
36	5	21,468		
37	5	50,972		
38	3	49,833	2	44,403
39	6	19,348	1	10,397
40	5	42,519	3	41,161
41	1	10,921	2	30,042
42	5	48,674	1	973
43	5	48,473	2	29,736
44	3	65,669	4	16,900
45	9	37,306	5	76,539
46	2	860	2	31,562
47	3	31,634	2	8,054
48	3	14,606	1	4,710
49	3	30,959	1	2,982
50	5	40,388	3	30,681
51	5	43,961	2	9,328
52	3	46,968	1	8,405
53	4	52,605		
54	2	8,576	2	9,365
55	7	58,633		
56	10	104,435	1	20,999

TABLE III-A

**THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF JANUARY 1, 2006**

Age	Men		Women	
	Number	Compensation	Number	Compensation
57	7	\$ 76,319	2	\$ 9,374
58	7	63,608	3	26,555
59	8	90,567	2	11,557
60	4	23,528	1	6,393
61	5	38,992	1	7,263
62	5	30,641	3	26,577
63	4	34,823	1	11,189
64	5	62,368		
65	4	29,714		
66	1	16,673		
67	5	24,132		
69	4	13,823		
70	8	64,043		
71	2	13,705		
72	3	6,292		
73	1	3,605		
74	2	3,671		
75	1	3,081	1	3,201
76	2	32,588		
77	1	9,059	1	7,375
78	2	9,552		
79	1	5,703	1	16,645
80	1	5,708		
81	1	9,151	1	7,956
85	1	12,649		
Total	816	\$ 5,097,917	593	\$ 3,254,918

TABLE III-B

**THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2006**

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
1	235	\$ 858,522	168	\$ 422,902
2	160	844,627	119	581,726
3	116	743,077	91	488,992
4	82	619,928	67	403,023
5	57	448,969	41	358,282
6	44	347,746	38	296,496
7	30	260,508	25	231,238
8	18	279,050	10	90,998
9	19	146,473	4	57,230
10	13	139,698	14	163,097
11	7	81,746	5	25,358
12	10	66,626	5	68,524
13	10	111,220	1	6,601
14	13	149,728	5	60,451
Total	816	\$ 5,097,917	593	\$ 3,254,918

TABLE III-C

**THE NUMBER AND ANNUAL BENEFITS PAID TO
ALL INACTIVE MEMBERS
AS OF JANUARY 1, 2006**

Age	Men		Women	
	Number	Annuity	Number	Annuity
18	17	\$ 666	14	\$ 397
19	43	2,526	42	1,798
20	123	8,620	70	4,305
21	159	13,130	140	11,439
22	174	17,756	182	18,245
23	236	28,837	225	28,269
24	268	37,777	252	32,386
25	275	54,746	232	37,071
26	283	55,513	230	33,016
27	238	38,149	220	35,399
28	256	48,675	229	39,622
29	240	43,523	197	32,600
30	230	55,105	181	29,200
31	205	44,102	154	30,835
32	187	40,841	162	28,923
33	138	40,821	112	19,371
34	102	20,855	92	22,284
35	115	35,769	90	19,086
36	84	15,600	84	19,506
37	67	18,627	78	20,002
38	46	12,382	58	18,449
39	49	16,903	54	14,838
40	56	15,813	47	10,244
41	42	12,237	47	12,462
42	41	15,283	46	16,642
43	41	19,689	37	9,197
44	37	14,407	34	12,686
45	42	14,494	34	7,664
46	38	11,480	30	5,893
47	44	22,766	25	5,847
48	31	8,208	26	5,164
49	33	12,285	30	12,504
50	33	12,071	25	8,200
51	26	7,975	20	5,179
52	32	12,596	16	5,077
53	31	14,798	22	7,128
54	23	8,111	23	6,279
55	23	5,563	22	9,639
56	19	8,458	13	5,465
57	23	10,937	13	2,705
58	19	9,294	10	6,242

TABLE III-C

**THE NUMBER AND ANNUAL BENEFITS PAID TO
ALL INACTIVE MEMBERS
AS OF JANUARY 1, 2006**

Age	Men		Women	
	Number	Annuity	Number	Annuity
59	16	\$ 6,236	9	\$ 3,609
60	11	5,462	7	3,155
61	10	5,508	8	4,101
62	8	2,235	4	816
63	8	4,397	5	758
64	8	2,248	5	1,549
65	6	4,458	3	1,066
66	8	4,018	2	1,919
67	10	2,185	2	38
68	7	3,558	6	1,357
69	11	3,297	1	1,101
70	5	3,855	1	11
71	7	4,081	2	1,532
72	4	1,490	2	1,423
73	5	415		
74	1	65	1	504
75	6	2,680	3	330
76	13	8,840	2	1,160
77	6	1,473	1	10
78	4	1,896	6	3,380
79	5	1,352		
80	5	589		
81	6	1,669		
82	7	3,068	1	58
83	7	1,251	1	24
84	1	75		
85			2	405
86			1	333
87	2	1,089	1	1,138
88	1	788		
90	1	36		
96	1	15		
Total	4,359	\$ 965,717	3,694	\$ 681,033

EXHIBIT IV**GLOSSARY**

Accrued Liability	The difference between (a) the present value of future plan benefits, and (b) the present value of future normal cost. It is the portion of the present value of future plan benefits attributable to service accrued as of the valuation date. Sometimes referred to as “actuarial accrued liability.”
Accrued Service	The service credited under the plan which was rendered before the date of the actuarial valuation.
Actual Funding Contribution	The Actual Funding Contribution for a plan year is calculated using census and asset information as of the first day of the plan year, and includes Normal Cost, with interest to the end of the plan year, and a net amortization payment.
Actuarial Assumptions	Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the “present value of future plan benefits” between the present value of future normal cost and the accrued liability. Sometimes referred to as the “actuarial funding method.”
Actuarial Equivalent	A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.
Actuarial Value of Assets	The value of current plan assets recognized for valuation purposes. Based on a smoothed market value that recognizes investment gains and losses over a period of three years.
Amortization	Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

EXHIBIT IV**GLOSSARY**

(Continued)

Annual Required Contribution	The Annual Required Contribution, or ARC, is the amount determined in accordance with Governmental Accounting Standards Board Statements Nos. 25 and 27.
Budget Contribution	The Budget Contribution for a year is based on census and asset information as of the first day of the PRIOR plan year, rolled forward to the next plan year based on all actuarial assumptions being met. For example, the Budget Contribution for 2007 is based on census and asset information as of January 1, 2006, rolled forward to January 1, 2007.
Contribution Variance	The difference between the Actual Contribution and the Budget Contribution for a plan year is referred to as the Contribution Variance. A Contribution Variance resulting from an overpayment is amortized over 5 years as a level dollar credit. A Contribution Variance resulting from an underpayment is amortized over 5 years as a level dollar charge.
Experience Gain (Loss)	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.
Normal Cost	The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as “current service cost.”
Present Value	The amount of funds presently required to provide a payment or series of payments in the future. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.
Unfunded Accrued Liability	The difference between the actuarial accrued liability and valuation assets.